



## **DEPARTMENT OF THE TREASURY**

### **Office of Foreign Assets Control**

### **31 CFR Part 560 and Appendix A to Chapter V**

### **Iranian Transactions and Sanctions Regulations**

**AGENCY:** Office of Foreign Assets Control, Treasury.

**ACTION:** Final rule.

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**SUMMARY:** The Department of the Treasury's Office of Foreign Assets Control (OFAC) is amending the Iranian Transactions and Sanctions Regulations (ITSR) to implement further the President's May 8, 2018 decision to cease the United States' participation in the Joint Comprehensive Plan of Action (JCPOA) by making changes to reflect the re-imposition of sanctions pursuant to certain sections of Executive Order 13846 and changes to certain sanctions lists maintained by OFAC. OFAC is also amending an existing general license in the ITSR to authorize U.S. persons to sell personal property in Iran and transfer the proceeds to the United States.

**DATES:** *Effective:* [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

**FOR FURTHER INFORMATION CONTACT:** OFAC: Assistant Director for Licensing, tel.: 202-622-2480; Assistant Director for Regulatory Affairs, tel.: 202-622-4855; Assistant Director for Sanctions Compliance & Evaluation, tel.: 202-622-2490; or the Department of the Treasury's Office of the Chief Counsel (Foreign Assets Control), Office of the General Counsel, tel.: 202-622-2410.

**SUPPLEMENTARY INFORMATION:**

## **Electronic Availability**

This document and additional information concerning OFAC are available on OFAC's website ([www.treasury.gov/ofac](http://www.treasury.gov/ofac)).

## **Background**

*Implementing the President's May 8, 2018 decision by reinstating certain authorities in the ITSR and making certain technical and conforming changes.*

On May 8, 2018, the President issued National Security Presidential Memorandum-11 (NSPM-11), which set forth his decision to cease the United States' participation in the JCPOA. In NSPM-11, the President directed the Secretary of State and the Secretary of the Treasury to immediately begin taking steps to reimpose all U.S. sanctions lifted or waived in connection with the JCPOA as expeditiously as possible, and in no case later than 180 days from the date of NSPM-11. In accordance with his decision, on August 6, 2018, the President issued Executive Order 13846 (83 FR 38939, August 7, 2018) (E.O. 13846) to, among other things, re-impose relevant authorities from certain Executive Orders that had been revoked previously. Today, OFAC is amending the ITSR, 31 CFR part 560, and appendix A to 31 CFR chapter V to take additional regulatory steps to implement the President's May 8, 2018 decision.

*Previously revoked authorities.* On January 16, 2016, the President issued Executive Order 13716 (81 FR 3693, January 21, 2016) (E.O. 13716), which, among other things, revoked Executive Order 13622 of July 30, 2012 (77 FR 45897, August 2, 2012) (E.O. 13622) in connection with the JCPOA. In light of this revocation, on January 21, 2016, OFAC amended the ITSR to, among other things, remove regulatory provisions that implemented sections 5 and 6 of E.O. 13622. (See 81 FR 3330). In that rule, OFAC also made certain technical and conforming changes to the ITSR and appendix A to 31 CFR chapter V related to (1) the removal

of certain individuals and entities from OFAC's Specially Designated Nationals and Blocked Persons List (SDN List), the Foreign Sanctions Evaders List, and the Non-SDN Iran Sanctions Act List on January 16, 2016, and (2) the concurrent transfer of certain individuals and entities that OFAC had previously identified as blocked pursuant to E.O. 13599 of February 5, 2012, to a "List of Persons Identified as Blocked Solely Pursuant to Executive Order 13599" (E.O. 13599 List), which OFAC made available on its website on January 16, 2016.

*Reinstating certain authorities and removing E.O. 13599 List references.* In furtherance of the President's May 8, 2018 decision and in light of the issuance of E.O. 13846, OFAC is now amending the ITSR and appendix A to 31 CFR chapter V by: (1) reinstating the regulatory provisions implementing the authorities that were previously in sections 5 and 6 of E.O. 13622 and now are in sections 1 and 10 of E.O. 13846 by revising paragraph (c) of § 560.211 of the ITSR; and (2) removing references to the E.O. 13599 List by revising notes in §§ 560.211 and 560.304 of the ITSR, revising note 1 to § 560.324 of the ITSR, and revising a note to appendix A to 31 CFR chapter V.

Sections 1(a)(i) and 1(a)(ii) of E.O. 13846 authorize the Secretary of the Treasury to block all property and interests in property that are in the United States, that come within the United States, or that are or come within the possession or control of any U.S. person, including any foreign branch, of a person upon determining that: (i) on or after August 7, 2018, the person has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran, or (ii) on or after November 5, 2018, the person has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the National Iranian Oil Company (NIOC), the Naftiran Intertrade

Company (NICO), or the Central Bank of Iran. Section 16 of E.O. 13846 defines the terms “NIOC” and “NICO” as including any entity owned or controlled by, or operating for or on behalf of, respectively, NIOC or NICO. Section 10 of E.O. 13846 provides that section 1(a) of the order, among other specified provisions, shall not apply to any person for conducting or facilitating a transaction involving a project described in subsection (a) of section 603 of the Iran Threat Reduction and Syria Human Rights Act of 2012 to which the exception under that section applies. Although it is not named in the section, section 10 of E.O. 13846 refers to the Shah Deniz natural gas field in Azerbaijan’s sector of the Caspian Sea and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

By separate action, effective November 5, 2018, OFAC is removing the E.O. 13599 List from its website and relisting on the SDN List, as appropriate, individuals and entities that were previously listed on the E.O. 13599 List.

*Sale of certain personal property and transfer of proceeds to the United States.*

Separately, OFAC is amending an existing general license in the ITSR to authorize U.S. persons to sell certain personal property in Iran and transfer the proceeds to the United States. Section 560.543 of the ITSR authorizes U.S. persons to engage in transactions necessary and ordinarily incident to the sale of real property in Iran, and to transfer the proceeds to the United States, provided that such real property was either acquired before the individual became a U.S. person or inherited from persons in Iran. OFAC routinely receives and approves specific license applications related to the sale of personal property in Iran which, prior to today’s rule, were outside the scope of § 560.543. OFAC is therefore amending this general license to authorize U.S. persons to engage in transactions necessary and ordinarily incident to the sale of personal property in Iran, and to transfer the proceeds to the United States, provided that such personal

property was either (1) acquired before the individual became a U.S. person or (2) inherited from persons in Iran. This authorization will complement § 560.518, which authorizes certain transactions in Iranian-origin household and personal effects, as referenced in a new note OFAC is adding to § 560.518.

### **Public Participation**

Because the amendment of the ITSR involves a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date, as well as the provisions of Executive Order 13771, are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

### **Paperwork Reduction Act**

The collections of information related to the ITSR are contained in 31 CFR part 501 (the “Reporting, Procedures and Penalties Regulations”). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

### **List of Subjects in 31 CFR Part 560**

Administrative practice and procedure, Banks, banking, Iran.

For the reasons set forth in the preamble, the Department of the Treasury’s Office of Foreign Assets Control amends 31 CFR chapter V as follows:

## **PART 560 – IRANIAN TRANSACTIONS AND SANCTIONS REGULATIONS**

1. The authority citation for part 560 is revised to read as follows:

**Authority:** 3 U.S.C. 301; 18 U.S.C. 2339B, 2332d; 22 U.S.C. 2349aa-9; 22 U.S.C. 7201-7211; 31 U.S.C. 321(b); 50 U.S.C. 1601-1651, 1701-1706; Pub. L. 101-410, 104 Stat. 890 (28 U.S.C. 2461 note); Pub. L. 110-96, 121 Stat. 1011 (50 U.S.C. 1705 note); Pub. L. 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551); Pub. L. 112-81, 125 Stat. 1298 (22 U.S.C. 8513a); Pub. L. 112-158, 126 Stat. 1214 (22 U.S.C. 8701-8795); E.O. 12613, 52 FR 41940, 3 CFR, 1987 Comp., p. 256; E.O. 12957, 60 FR 14615, 3 CFR, 1995 Comp., p. 332; E.O. 12959, 60 FR 24757, 3 CFR, 1995 Comp., p. 356; E.O. 13059, 62 FR 44531, 3 CFR, 1997 Comp., p. 217; E.O. 13599, 77 FR 6659, 3 CFR, 2012 Comp., p. 215; E.O. 13846, 83 FR 38939.

#### **Subpart B—Prohibitions**

2. Amend § 560.211 by revising paragraph (c), adding a note to paragraph (c)(2), and revising notes 1 and 2 to paragraphs (a) through (c) to read as follows:

#### **§ 560.211 Prohibited transactions involving blocked property.**

\* \* \* \* \*

(c)(1) All property and interests in property that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any United States person, including any foreign branch, of the following persons are blocked and may not be transferred, paid, exported, withdrawn, or otherwise dealt in:

(i) Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State, to be owned or controlled by, or to have acted or purported to act for or on behalf of, directly or indirectly, any person whose property and interests in property are blocked pursuant to paragraphs (a) through (c)(1)(i) of this section; or

(ii) Any person determined by the Secretary of the Treasury, in consultation with the Secretary of State:

(A) To have, on or after August 7, 2018, materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the purchase or acquisition of U.S. bank notes or precious metals by the Government of Iran; or

(B) To have, on or after November 5, 2018, materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services in support of, the National Iranian Oil Company (NIOC); the Naftiran Intertrade Company (NICO); any entity owned or controlled by, or operating for or on behalf of, NIOC or NICO; or the Central Bank of Iran.

(2) Paragraph (c)(1)(ii) of this section shall not apply with respect to any person for conducting or facilitating a transaction involving a project—

(i) For the development of natural gas and the construction and operation of a pipeline to transport natural gas from Azerbaijan to Turkey and Europe;

(ii) That provides to Turkey and countries in Europe energy security and energy independence from the Government of the Russian Federation and the Government of Iran; and

(iii) That was initiated before August 10, 2012 pursuant to a production-sharing agreement, or an ancillary agreement necessary to further a production-sharing agreement, entered into with, or a license granted by, the government of a country other than Iran before August 10, 2012.

**NOTE TO PARAGRAPH (c)(2) OF § 560.211:** The natural gas development and pipeline project referred to in this paragraph is the project to develop the Shah Deniz natural gas field in Azerbaijan's sector of the Caspian Sea and related pipeline projects to bring the gas from Azerbaijan to Europe and Turkey.

**NOTE 1 TO PARAGRAPHS (a) THROUGH (c) OF § 560.211:** The names of persons that the Office of Foreign Assets Control (OFAC) has designated or identified pursuant to Executive Order 13599 (E.O. 13599) or sections 1(a)(i) or 1(a)(ii) of Executive Order 13846, whose property and interests in property therefore are blocked pursuant to this section, are published in the *Federal Register* and incorporated into OFAC’s Specially Designated Nationals and Blocked Persons List (SDN List) with the identifier “[IRAN].” The SDN List is accessible through the following page on OFAC’s website: [www.treasury.gov/sdn](http://www.treasury.gov/sdn). Additional information pertaining to the SDN List can be found in appendix A to this chapter. See § 560.425 concerning entities that may not be listed on the SDN List but whose property and interests in property are nevertheless blocked pursuant to this section. E.O. 13599 blocks the property and interests in property of the Government of Iran and Iranian financial institutions, as defined in § 560.304 and § 560.324, respectively. The property and interests in property of persons who meet the definitions of the terms *Government of Iran* or *Iranian financial institution* are blocked pursuant to this section regardless of whether the names of such persons are published in the *Federal Register* or incorporated into the SDN List.

**NOTE 2 TO PARAGRAPHS (a) THROUGH (c) OF § 560.211:** The International Emergency Economic Powers Act (50 U.S.C. 1701-1706), in section 203 (50 U.S.C. 1702), authorizes the blocking of property and interests in property of a person during the pendency of an investigation. The names of persons whose property and interests in property are blocked pending investigation pursuant to this section also are published in the *Federal Register* and incorporated into the SDN List with the identifier “[BPI-IRAN].”

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## **Subpart C—General Definitions**



3. Revise Note 1 to § 560.304 to read as follows:

**§ 560.304 Government of Iran.**

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**NOTE 1 TO § 560.304:** The names of persons that the Office of Foreign Assets Control (OFAC) has identified as meeting this definition are published in the *Federal Register* and incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) with the identifier "[IRAN]." The SDN List is accessible through the following page on OFAC's website: [www.treasury.gov/sdn](http://www.treasury.gov/sdn). However, the property and interests in property of any persons meeting the definition of the term *Government of Iran* are blocked pursuant to § 560.211 regardless of whether the names of such persons are published in the *Federal Register* or incorporated into the SDN List.

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4. Revise Note 1 to § 560.324 to read as follows:

**§ 560.324 Iranian financial institution.**

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**NOTE 1 TO § 560.324:** The names of persons that the Office of Foreign Assets Control (OFAC) has identified as meeting this definition are published in the *Federal Register* and incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) with the identifier "[IRAN]." The SDN List is accessible through the following page on OFAC's website: [www.treasury.gov/sdn](http://www.treasury.gov/sdn). However, the property and interests in property of any persons meeting the definition of the term *Iranian financial institution* are blocked pursuant to § 560.211 regardless of whether the names of such persons are published in the *Federal Register* or incorporated into the SDN List.

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## **Subpart E—Licenses, Authorizations, and Statements of Licensing Policy**

5. Add a Note to § 560.518 to read as follows:

**§ 560.518 Transactions in Iranian-origin and Iranian government property.**

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**NOTE TO § 560.518:** *See* § 560.543 for an authorization to engage in all transactions necessary and ordinarily incident to the sale of certain real and personal property located in Iran.

6. Amend § 560.543 by revising the section heading, paragraph (a), and paragraph (b)(2) to read as follows:

**§ 560.543 Sale of certain real and personal property in Iran and transfer of related funds to the United States.**

(a) Individuals who are U.S. persons are authorized to engage in transactions necessary and ordinarily incident to the sale of real and personal property in Iran and to transfer the proceeds to the United States, provided that such real and personal property was acquired before the individual became a U.S. person or inherited from persons in Iran. Authorized transactions include engaging the services of any persons in Iran necessary for the sale, such as an attorney, funds agent, or broker.

(b) \* \* \*

(1) \* \* \*

(2) The re-investment in Iran of the proceeds from the real or personal property sales authorized in paragraph (a) of this section; or

\* \* \* \* \*

## **Appendix A to Chapter V—[Amended]**

7. Revise the authority citation for appendix A to chapter V to read as follows:

**Authority:** 3 U.S.C. 301; 8 U.S.C. 1182, 1189; 18 U.S.C. 2339B; 21 U.S.C. 1901-1908; 22 U.S.C. 287c; 31 U.S.C. 321(b); 50 U.S.C. App. 1-44; Public Law 110-286, 122 Stat. 2632 (50 U.S.C. 1701 note); Public Law 111-195, 124 Stat. 1312 (22 U.S.C. 8501-8551); Public Law 112-81, 125 Stat. 1298 (22 U.S.C. 8513a); Public Law 112-158, 126 Stat. 1214 (22 U.S.C. 8701-8795); Public Law 112-208, 126 Stat. 1502; Public Law 113-278, 128 Stat. 3011 (50 U.S.C. 1701 note); Public Law 114-102, 129 Stat. 2205; Public Law 114-122, 130 Stat. 93; Public Law 114-194, 130 Stat. 674 (50 U.S.C. 1701 note); Public Law 114-328, 130 Stat. 2000 (22 USC 2656 note); Public Law 115-44, 131 Stat. 886.

8. Revise note 8 to appendix A to chapter V to read as follows:

**Appendix A to Chapter V—Information Pertaining to the Specially Designated Nationals and Blocked Persons List**

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**NOTES: \* \* \***

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8. The SDN List includes the names of persons identified as the *Government of Iran* or an *Iranian financial institution* and other persons whose property and interests in property are blocked pursuant to § 560.211 of the Iranian Transactions and Sanctions Regulations, 31 CFR part 560 (ITSR). The SDN List entries for such persons include the identifier “[IRAN].” U.S. persons are advised to review 31 CFR part 560 prior to engaging in transactions involving the persons included on the SDN List with the identifier “[IRAN].” U.S. persons are further cautioned that persons identified as the *Government of Iran* or an *Iranian financial institution* and any other person whose property and interests in property are blocked pursuant to 31 CFR

§ 560.211 also may be designated or blocked pursuant to other sanctions programs administered by OFAC. The SDN List entry for such a person may include—in addition to the identifier “[IRAN]”—identifier(s) for the other sanctions program(s) pursuant to which the person is listed on the SDN List. Moreover, the prohibitions set forth in the ITSR, and the compliance obligations, with respect to persons who meet the definition of the *Government of Iran* in § 560.304 of the ITSR or the definition of *Iranian financial institution* in § 560.324 of the ITSR apply regardless of whether such persons are identified on the SDN List.

Dated: October 30, 2018.

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BILLING CODE 04810AL

[FR Doc. 2018-24058 Filed: 11/2/2018 8:45 am; Publication Date: 11/5/2018]